

Title 4, California Code of Regulations, Division 18

**Chapter 2.1. Third-Party Providers of Proposition Player Services:
Registration; Licensing**

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**Chapter 2.1. Third-Party Providers of Proposition Player Services:
Registration; Licensing**

Article 1. Definitions and General Provisions

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Article 1. Definitions and General Provisions

Section 12200 Definitions

- (a) Except as otherwise provided in subsection (b), the definitions in Business and Professions Code section 19805 shall govern the construction of this chapter.
- (b) As used in this chapter:
- (1) “Applicant” means the applicant for registration or licensing under this chapter, including in the case of an owner that is a corporation, partnership, or any other business entity, all persons whose registrations or licenses are required to be endorsed upon the primary owner’s registration or license certificate.
 - (2) “Authorized player” means an individual associated with a particular primary owner whose badge authorizes play in a controlled game on behalf of the primary owner, including the primary owner, all other owners, all supervisors, and all players. “Authorized player” does not include funding sources. Only authorized players may perform the functions of a supervisor or player.

- 1 (3) "Badge" means a form of identification issued by the Commission identifying a
2 registrant or licensee. A badge authorizing play in a controlled game shall be of a
3 distinctly different color than a badge that identifies a registrant or licensee, but
4 does not authorize play.
- 5 (4) "Bureau" means the Bureau of Criminal Identification and Information of the
6 California Department of Justice.
- 7 (5) "Commission" means the California Gambling Control Commission.
- 8 (6) "Deadly weapon" means any weapon, the possession or concealed carrying of
9 which is prohibited by Penal Code section 12020.
- 10 (7) "Division" means the Division of Gambling Control in the California Department
11 of Justice. Information that this chapter requires to be sent to the Division shall
12 be submitted in writing to the Sacramento office of the Division.
- 13 (8) "Executive Director" means the Executive Director of the Commission or such
14 other person as may be designated by the Commission.
- 15 (9) "Funding source" means any person that provides financing, including but not
16 limited to loans, advances, any other form of credit, chips, or any other
17 representation or thing of value, to an owner-registrant or owner-licensee, other
18 than individual registrants under Subsection (d) of Section 12201 or licensees.
19 "Funding source" does not include any federally or state chartered lending
20 institution or any of the following entities that in the aggregate owns at least one
21 hundred million dollars (\$100,000,000) of securities of issuers that are not
22 affiliated with the entity:
- 23 (A) Any federally-regulated or state-regulated bank or savings association or
24 other federally- or state-regulated lending institution.
- 25 (B) Any company that is organized as an insurance company, the
26 primary and predominant business activity of which is the
27 writing of insurance or the reinsuring of risks underwritten by
28 insurance companies, and that is subject to supervision by the
29 Insurance Commissioner of California, or a similar official or
30 agency of another state.

- 1 (C) Any investment company registered under the federal
2 Investment Company Act of 1940 (15 U.S.C. sec. 80a-1 et
3 seq.).
- 4 (D) Any retirement plan established and maintained by the United
5 States, an agency or instrumentality thereof, or by a state, its
6 political subdivisions, or any agency or instrumentality of a
7 state or its political subdivisions, for the benefit of its
8 employees.
- 9 (E) Any employee benefit plan within the meaning of Title I of the
10 federal Employee Retirement Income Security Act of 1974 (29
11 U.S.C. sec. 1001 et seq.).
- 12 (F) Any securities dealer registered pursuant to the federal
13 Securities Exchange Act of 1934 (15 U.S.C. sec. 78a et seq.).
- 14 (G) Any entity, all of the equity owners of which individually meet the criteria
15 of this paragraph (9).
- 16 (10) “Gambling Control Act” or “Act” means Chapter 5 (commencing with Section
17 19800) of Division 8 of the Business and Professions Code.
- 18 (11) “License” means a license issued by the Commission pursuant to article 3 of this
19 chapter.
- 20 (A) There are four license categories entitling the holder to provide third-party
21 proposition player services:
- 22 1. primary owner,
23 2. owner, if issued a playing badge,
24 3. supervisor, and
25 4. player.
- 26 (B) All other employees of the primary owner who are present in the gambling
27 establishment during the provision of proposition player services under the
28 primary owner’s proposition player contract shall be licensed as “other
29 employee” and shall be required to submit an application and be approved
30 or denied based upon the same criteria that apply to a player.

- 1 (12) "Licensee" means a person having a valid license.
- 2 (13) "Organization chart" means a chart that identifies the names and
3 titles of all owners, as defined in section 12200(b)(14), supervisors, and any
4 persons having significant influence over the operation of the entity or provision
5 of proposition player services; the percentage of ownership, if any, held by each
6 identified individual or entity; and the reporting relationship for each identified
7 individual or entity.
- 8 (14) "Owner" includes all of the following:
- 9 (A) A sole proprietor, corporation, partnership, or other business entity that
10 provides or proposes to provide third party proposition player services as
11 an independent contractor in a gambling establishment,
- 12 (B) Any individual specified in Business and Professions Code section 19852,
13 subdivisions (a) through (h), and
- 14 (C) Any funding source.
- 15 (15) "Playing Book" means a record documenting each session of play by a third-party
16 proposition player.
- 17 (16) "Preference" means and is limited to both of the following if sanctioned by house
18 rule or otherwise directed by the house or its employees:
- 19 (A) Any priority in the continuous and systematic rotation of the deal, as
20 required by Penal Code section 330.11, such that a registrant becomes
21 entitled by reason of the priority to occupy the player-dealer position more
22 often than other players. Nothing in this paragraph precludes the house
23 from assigning a particular seat to a registrant.
- 24 (B) Any advantage to the registrant over other players in the placement of
25 wagers.
- 26 (17) "Primary Owner" means the owner specified in subparagraph (A) of paragraph
27 (14) of this subsection.
- 28 (18) "Proposition player" or "player" means an individual other than an owner or a
29 supervisor who provides third-party proposition player services in a controlled
30 game.

- 1 (19) "Proposition player contract" or "contract" means a written contract, the terms of
2 which have been reviewed and approved by the Division, between the holder of a
3 state gambling license and a primary owner acting as an independent contractor
4 for the provision of third-party proposition player services in the gambling
5 establishment.
- 6 (20) "Rebate" means a partial return by an authorized proposition player of chips or
7 money to a patron who has lost the chips or money to the authorized player
8 through play in a controlled game at a gambling establishment.
- 9 (21) "Registrant" means a person having a valid registration.
- 10 (22) "Registration" means a registration issued by the Commission pursuant to this
11 chapter. There are four registration categories entitling the holder to provide
12 third-party proposition player services: primary owner, owner, supervisor, and
13 player. All other employees of the primary owner who are present in the
14 gambling establishment during the provision of proposition player services under
15 the primary owner's proposition player contract shall be registered as "other
16 employee." A primary owner issued a playing badge and an owner issued a
17 playing badge may also perform the functions of a supervisor or player, and the
18 holder of a supervisor's registration or license may also perform the functions of a
19 player. No registrant, other than an owner issued a playing badge, supervisor, or
20 player, may possess, direct, or otherwise control currency, chips, or other
21 wagering instruments used for play in the performance of a proposition player
22 contract. An individual registered or licensed as an "other employee" may not
23 function as a player unless and until that individual applies for and obtains a
24 registration or a license as player.
- 25 (23) "Session of play" as used in Section 12200.13 ("Playing Book") means a
26 continuous workshift of third-party proposition player services provided by an
27 individual proposition player.
- 28 (24) "Supervisor" means an individual who, in addition to any supervisory
29 responsibilities, has authority, on behalf of the primary owner, to provide or direct
30 the distribution of currency, chips, or other wagering instruments to players

engaged in the provision of third-party proposition player services in a gambling establishment.

(25) “Supplemental information package” means all of the documentation and deposits required by each of the following forms (which are hereby incorporated by reference) to be submitted to the Commission in response to a summons issued by the Division pursuant to Section 12200.25:

(A) Primary owners as defined in Section 12200(b)(17), shall complete the form Level IV Supplemental Information-Providers of Proposition Players and Funding Sources (DGC-APP. 035, New 06/04) for a level IV investigation.

(B) Owners, as defined in Section 12200(b)(14), that are a natural person shall complete the form Level III Supplemental Information-Individual (DGC-APP 034A, New 06/04) for a level III investigation.

(C) Owners, as defined in Section 12200(b)(14), that are not a natural person shall complete the form Level III Supplemental Information-Business (DGC-APP. 034B, New 06/04) for a level III investigation.

(D) Supervisors, as defined in Section 12200(b)(24), shall complete the form Level II Supplemental Information (DGC-APP. 033, New 06/04) for a level II investigation.

(E) Other employees and players, as defined in Section 12200(b)(11)(B) and 12200(b)(18), shall complete the form Level I Supplemental Information (DGC-APP. 032, New 06/04) for a level I investigation.

(26) "Third-party proposition player services" or “proposition player services" means services provided in and to the house under any written, oral, or implied agreement with the house, which services include play as a participant in any controlled game that has a rotating player-dealer position as permitted by Penal Code section 330.11. “Proposition player services” also includes the services of any supervisors, as specified in paragraph (24) of this subsection.

(27) “TPP” means “third party proposition.” This abbreviation is used in Section 12200.3 and in prescribing titles used on registrant and licensee badges, for example, “TPP Player Registrant.”

Authority: Sections 19840, 19841, and 19984, Business and Professions Code

Reference: Sections 19805 and 19984, Business and Professions Code

Section 12200.1 Certificate

(a) The Commission shall issue a registration or license certificate, as applicable, to each primary owner.

(b) The Commission shall endorse upon each certificate the names of all other owners affiliated with the primary owner.

Authority: Sections 19840, 19841, and 19984, Business and Professions Code

Reference: Section 19984, Business and Professions Code

Section 12200.3 Badge

(a) All individuals registered or licensed as primary owners, owners, supervisors, players, or other employees of the primary owner shall wear in a prominently visible location a numbered badge issued by the Commission when present in a gambling establishment during the provision of proposition player services under the proposition player contract that covers the registrant or licensee. If an individual ceases to be employed by or affiliated with a particular primary owner, that individual shall surrender his or her badge to the primary owner. The primary owner shall notify the Commission and the Division in writing within 10 days of the change in status using the Change in Status Form for a Third Party Proposition Player Services Registration (CGCC-441, New 6/04), which is hereby incorporated by reference. Any primary owner receiving a badge from an individual formerly employed by or affiliated with the primary owner shall return the badge to the Commission within 10 days of receiving the badge from the holder.

(b) The words “TPP PLAYER REGISTRANT,” “NON-PLAYER TPP REGISTRANT,” “TPP PLAYER LICENSEE,” OR “NON-PLAYER TPP PLAYER LICENSEE” in

capital letters shall be prominently displayed on the front of the badge. The first name of the registrant or licensee shall appear on the front of the badge. The full name of the registrant or licensee shall be printed on the reverse side of the badge, together with the registrant's or licensee's category of registration or licensing as an owner, supervisor, player, or other employee.

(c) On the badge, there shall be displayed the picture of the registrant or licensee submitted with the application, the badge number, and expiration date. On the badge there shall be displayed the name of the primary owner employing the registrant or licensee, which shall be the fictitious business name, if any, established pursuant to Chapter 5 (commencing with Section 17900) of Part 3 of Division 7 of the Business and Professions Code.

(d) Upon renewal of each registration and upon issuance of each registration or license, authorized players shall be issued a badge of one color; individuals not authorized to play shall be issued a badge of a distinctly different color.

(e) An individual registered as a player with a particular primary owner shall apply for and obtain a new badge before beginning to work for an additional primary owner.

(f) Registrations, licenses, and badges are specific to the primary owner. TPP player services cannot be provided without first applying for and obtaining a registration, license, or badge.

Authority: Sections 19840, 19841, and 19984, Business and Professions Code

Reference: Section 19984, Business and Professions Code

Section 12200.5 Replacement of Badge

(a) Upon application, the Executive Director or other person designated by the Commission shall issue a replacement badge if all of the following conditions are met:

- (1) The applicant has a current valid registration or license.
- (2) The application is complete and has been submitted on the form Request for Replacement Third Party Proposition Player Services Badge (CGCC-438, New 06/04), which is hereby incorporated by reference.
- (3) The applicant has supplied all of the following to the

Commission:

(A) A two by two inch color passport-style photograph taken no more than 30 days before submission to the Commission of the badge replacement or transfer request.

(B) A nonrefundable \$25.00 fee payable to the Commission.

(C) The category of the position and information concerning the primary owner for which the replacement badge is requested: the name of the primary owner, mailing address, voice telephone number, facsimile number (if any), and email address (if any).

(D) A statement under penalty of perjury that a replacement badge is needed due to loss or destruction of the originally issued badge.

(b) A replacement badge issued pursuant to this section shall be valid during the unexpired term of the previously issued registration or license.

(c) Upon issuance of the replacement badge, the previously issued badge for that third-party proposition services provider shall become void and shall not be used.

(d) Replacement badges shall be issued by the Commission within seven days of receipt of a complete application.

Authority: Sections 19840, 19841, and 19984, Business and Professions Code

Reference: Section 19984, Business and Professions Code

Section 12200.6 Transfer of Player Registration or License

(a) Upon application, the Executive Director or other person designated by the Commission shall issue a player transfer badge if all of the following conditions are met:

(1) The applicant has a currently valid registration or license.

(2) The application is complete and has been submitted on the form Request for Transfer of Third Party Proposition Player Services Registration/License (CGCC-439, New 06/04), which is hereby incorporated by reference.

(3) The applicant has supplied all of the following to the Commission:

(A) A two by two inch color passport-style photograph taken no more than 30 days before submission to the Commission of the badge transfer request.

(B) A nonrefundable \$250.00 fee payable to the Commission.

(C) The names of the current and future primary owner, mailing address, voice telephone number, facsimile number (if any), and email address (if any).

(b) A transfer badge issued pursuant to this section shall be valid during the unexpired term of the previously issued registration or license.

(c) Upon issuance of the transfer badge, the previously issued badge for that third-party proposition services provider shall become void and shall not be used.

(d) Transfer badges shall be issued by the Commission within seven days of receipt of a complete application.

Authority: Sections 19840, 19841, and 19984, Business and Professions Code

Reference: Section 19984, Business and Professions Code

Section 12200.7 Proposition Player Contract Criteria

(a) All proposition player contracts shall be subject to, and superseded by, any changes in the requirements of regulations adopted under Business and Professions Code section 19984 that conflict with or supplement provisions of the proposition player contract.

(b) Each proposition player contract shall specifically require all of the following to be separately set forth at the beginning of the contract in the following order:

(1) The names of the parties to the contract.

(2) The effective dates of the contract.

(3) The specific name of the Division-approved gaming activities for which proposition player services will be provided.

(4) The maximum and minimum number of gaming tables available to the proposition player provider service.

(5) That no more than one owner, supervisor, or player from each provider of proposition player service shall simultaneously play at a table.

- 1 (6) The hours of operation that proposition player services will be provided.
- 2 (7) A detailed description of the location, applicable security measures, and purpose
3 of any currency, chips, or other wagering instruments that will be stored,
4 maintained, or kept within the gambling establishment by or on behalf of the
5 primary owner.
- 6 (8) That proposition player services shall be provided in the gambling establishment
7 only in compliance with laws and regulations pertaining to controlled gambling.
- 8 (9) That proposition player services may be provided only by authorized players with
9 current registration or licensing under this chapter.
- 10 (10) That the primary owner shall provide the gambling establishment with a copy of
11 its registration or license certificate, and that the gambling establishment shall
12 maintain the certificate on file, together with a copy of the proposition player
13 contract applying to that establishment.
- 14 (11) That a registrant or licensee may not provide proposition player services in a
15 gambling establishment for which the registrant holds a state gambling license,
16 key employee license, or work permit.
- 17 (12) That collection fees charged by the house for participation in any controlled game
18 shall be the same as those charged to other participants during the play of the
19 game.
- 20 (13) The initial number that will be used for the sequentially numbered forms.
- 21 (14) Any agreement between the primary owner and the house for owners or
22 supervisors to inspect or receive a copy of surveillance recordings of tables at
23 which proposition player services are provided under the contract during the times
24 the services are provided, as necessary for business purposes.
- 25 (15) A full disclosure of any financial arrangements entered into during the term of the
26 contract for any purpose between the house and any registrant or licensee covered
27 by the proposition player contract. If there is no financial consideration that
28 passes under the contract, a statement to that effect shall be included.
- 29 (16) That any legal dispute between the primary owner and the house, including any
30 exclusion of a registered owner, player, or supervisor covered by the contract

- 1 from the house shall be reported in writing within 10 days by the primary owner
2 and the house to both the Commission and the Division.
- 3 (17) That the primary owner and the house shall report in writing within 10 days to
4 both the Commission and the Division the identity of any registrant whose
5 activities are covered by the proposition player contract and who is arrested in the
6 gambling establishment by a peace officer, who is removed from the gambling
7 establishment by a peace officer or the house, or who is involved in a patron
8 dispute regarding his or her activities in the gambling establishment that is the
9 subject of a report to a peace officer and that results in removal of one or more
10 individuals.
- 11 (18) That any cheating reported to the house by a registrant or licensee shall be
12 reported in writing within 5 days by the primary owner and the house to the
13 Commission and Division.
- 14 (19) That the criteria for granting any rebates by proposition players to patrons be
15 spelled out in the contract; and that neither the house nor any employee of the
16 house shall have any role in rebates.
- 17 (20) That any tipping arrangements shall be specified in the contract; that percentage
18 tips shall not be given; and that tips shall not be given to the house.
- 19 (21) That the primary owner may reimburse the house in specified amounts for
20 equipment such as surveillance cameras and monitors, or cards, shuffling
21 machines, and dice. Neither the primary owner nor its employees shall purchase,
22 lease, or control such equipment.
- 23 (c) (1) Except as expressly authorized by this subsection (c), a proposition player
24 contract shall not include any provision authorizing payment to or receipt by the
25 house, or a designee thereof, of any share of the profits or revenues of a registrant
26 or a licensee. Any payments made by a registrant or licensee to the house for a
27 purpose determined by agreement with the house shall be specifically authorized
28 by the proposition player contract. All payments shall be specified in the
29 contract. The contract shall identify the total charge for each of the following
30 categories: services, facilities, and advertising. In addition, the contract shall

1 include a detailed list, excluding specific costs, of the items provided or received
2 in each of these categories.

3 (2) In no event may a proposition player contract provide for any payment based on a
4 percentage or fraction of the registrant's or licensee's gross profits or wagers
5 made or the number of players. All payments shall be fixed and shall only be
6 made for services and facilities requested by, and provided to, the registrant or
7 licensee, and for a reasonable share of the cost of advertising with respect to
8 gaming at the gambling establishment in which the registered owner participates.

9 (3) No contract provision shall authorize any payments for services or facilities that
10 are substantially disproportionate to the value of the services or facilities
11 provided. No contract shall include any charge, direct or indirect, for the value of
12 an exclusive right to conduct proposition play within all or a portion of the
13 gambling establishment. No payment other than the collection fee for play, shall
14 be required for play at any table, including, without limitation, reservation of a
15 seat.

16 (d) The proposition player contract shall not contain any provision that limits contact with
17 officials or employees of the Commission or Division. The proposition player contract
18 shall prohibit an owner or the house from retaliating against any registrant or licensee on
19 account of contact with an official or employee of the Commission or Division or any
20 other public official or agency.

21 (e) A proposition player contract shall be consistent with the provisions of Business and
22 Professions Code section 19984, subdivision (a), prohibiting a gambling establishment or
23 the house from having any interest, whether direct or indirect, in funds wagered, lost, or
24 won. No proposition player contract shall be approved that would permit the house to
25 bank any game in the gambling establishment.

26 (f) Each proposition player contract approved by the Division shall contain a provision
27 authorizing the Commission, after receiving the findings and recommendation of the
28 Division, to terminate the contract for any material violation of any term required by this
29 section.

30 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code.

1 **Reference:** Section 19984, Business and Professions Code

2
3 **Section 12200.9 Review and Approval of Proposition Player Contracts**

4 (a) (1) On and after April 30, 2004, proposition player services shall not be provided
5 except pursuant to a written proposition player contract approved in advance by
6 the Division. Provision of proposition player services by any person subject to
7 registration or licensing under this chapter, or engagement of proposition player
8 services by the holder of a state gambling license, without a contract as required
9 by this section is a violation of this section. The Division shall approve a
10 proposition player contract only if all the following requirements have been
11 satisfied:

12 (A) The contract is consistent with this regulation and the Act.

13 (B) The contract does not provide for controlled gambling that will be
14 conducted in a manner that is inimical to the public health, safety, or
15 welfare.

16 (C) The contract will not create or enhance the dangers of unsuitable, unfair,
17 or illegal practices, methods, or activities in the conduct of controlled
18 gambling or in the carrying on of the business and related financial
19 arrangements.

20 (D) The contract will not undermine public trust that the controlled gambling
21 operations covered by the contract will be conducted honestly, by reason
22 of the existence or perception of any collusive arrangement between any
23 party to the contract and the holder of a state gambling license, or
24 otherwise.

25 (2) Prior to December 7, 2003, each primary owner providing proposition player
26 services at a gambling establishment on the date that these regulations originally
27 became effective (November 6, 2003) shall submit an Application for Contract
28 Approval Provider of Proposition Player Services (DGC-APP.030, rev. 09/03),
29 which is hereby incorporated by reference.

30 (3) A complete application for contract approval shall include all of the following:

- (A) A completed Application for Contract Approval to Provide Proposition Player Services (DGC-APP.030, rev. 06/04), which is hereby incorporated by reference.
- (B) A completed Appointment of Designated Agent for Owners and Proposition Players (DGC-APP.031, rev. 06/04), which is hereby incorporated by reference.
- (C) An executed copy of the contract that specifically addresses all of the requirements of Section 12200.7.
- (D) A playing book form that specifically addresses all of the requirements of section 12200.13.
- (E) A five hundred dollar (\$500) nonrefundable application fee.
- (F) A \$1200 deposit as required by Title 11, California Code of Regulations, section 2037(a)(2)(A). The Division may require an additional sum to be deposited to pay the final costs of the review and approval or disapproval of the contract. Any money received as a deposit in excess of the costs incurred in the review and approval or disapproval of the contract will be refunded and an itemized accounting will be provided to the primary owner, or primary owner's designee.
- (4) The Division shall notify the applicant, in writing, within ten working days of receiving the application that the application or resubmitted application is complete or incomplete. If an application is incomplete, the Division shall request, in writing, any information, fees, or documentation needed to complete the application. Unless extended by the Division for further investigation up to 90 days or with the consent of the applicant, review and approval or disapproval of a proposition player contract shall be completed within 90 days of receiving a completed application and notice thereof shall be sent via United States mail to the applicant or the applicant's designee within 10 days of the Division's decision. Notice of disapproval of the contract or amendments shall specify the cause.

- 1 (b) (1) In lieu of the procedure specified in subsection (a), the Division shall provide an
2 expedited review process of an application for contract approval if all of the
3 following conditions exist:
- 4 (A) Proposition player services were provided in the gambling establishment
5 at any time during the 30 days preceding the application pursuant to a
6 contract that was previously approved by the Division and that has been
7 terminated.
- 8 (B) The proposed contract is between the house and a different primary owner
9 than the previous contract under which proposition player services were
10 provided in the gambling establishment.
- 11 (C) The terms of the proposed contract are substantially identical to the
12 contract previously approved by the Division under which proposition
13 player services were provided in the gambling establishment at any time
14 during the 30 days preceding the application.
- 15 (2) If an application for contract approval is submitted as an expedited contract
16 request and the Division determines that it does not meet the criteria, the primary
17 owner or designee and the house shall be notified within one business day of the
18 Division's decision. Any contract that is not processed through the expedited
19 review and approval process shall be treated as a new contract request and
20 reviewed and approved or disapproved as otherwise provided by subsection (a).
- 21 (3) The Division shall complete the expedited review and approval of a contract
22 within three business days of receiving all of the following:
- 23 (A) A completed Application for Contract Approval to Provide Proposition
24 Player Services (DGC-APP.030, rev. 06/04), which is hereby incorporated
25 by reference.
- 26 (B) A completed Appointment of Designated Agent for Owners and
27 Proposition Players (DGC-APP.031, rev. 06/04), which is hereby
28 incorporated by reference.
- 29 (C) An executed copy of the contract that specifically addresses all the
30 requirements of Section 12200.7.

- 1 (D) A playing book form that specifically addresses all the requirements of
2 Section 12200.13.
- 3 (E) A five hundred dollar (\$500) nonrefundable application fee.
- 4 (F) An expedited processing fee of \$550.
- 5 (c) (1) As soon as is practicable after determining that any application for approval of a
6 proposition player contract or amendment is complete and that the contract or
7 amendment appears to qualify for approval, but in no event less than 75 days from
8 receipt of a complete application package, the Division shall submit the contract
9 or amendment to the Commission for review and comment. The Commission
10 shall provide the Division with comments, if any, within 15 days of receipt of the
11 contract or amendment. This paragraph does not apply to expedited approval
12 under subsection (b).
- 13 (2) A copy of the Division's notice of approval or disapproval of a proposition player
14 contract or amendment thereto shall be sent to the Commission.
- 15 (d) An executed copy of the currently effective contract, and all amendment(s) thereto, and a
16 copy of all Division notices that approved the contract and any amendment shall be
17 maintained at the gambling establishment and shall be provided for review or copying
18 upon request by any representative of the Commission or Division.
- 19 (e) The term of any proposition player contract shall not exceed one year. No amendment
20 changing any of the contract terms referred to in Section 12200.7, other than paragraphs
21 (3), (4), and (6) of subsection (b) thereof, may become effective during the term of a
22 proposition player contract without the prior written approval of the Division. If any
23 amendment is made to a proposition player contract term specified in paragraphs (3), (4),
24 or (6) of subsection (b) of Section 12200.7, both parties to the contract shall notify the
25 Commission and Division in writing of the amendment within 10 days of the execution
26 thereof by the parties to the contract.
- 27 (f) Requests to review and approve an amendment to a proposition player contract shall be
28 submitted with an application for approval along with an executed copy of the contract, a
29 five hundred dollar (\$500) nonrefundable application fee, and a four hundred and fifty
30 dollar (\$450) deposit as required by Title 11, California Code of Regulations, section

2037(a)(2)(B). The Division may require an additional sum to be deposited to pay the final costs of the review and approval or disapproval of the amendment. Any money received as a deposit in excess of the costs incurred in the review and approval or disapproval of the amendment shall be refunded and an itemized accounting shall be provided to the primary owner or the primary owner's designee.

- (g) All proposition player contracts shall be subject to, and superseded by, any changes in the requirements of regulations adopted under Business and Professions Code section 19984 that conflict with or supplement provisions of the proposition player contract.

Authority: Sections 19840, 19841, and 19984, Business and Professions Code

Reference: Section 19984, Business and Professions Code

Section 12200.11 Extension of Proposition Player Contracts

- (a) An application for approval of a contract to continue proposition player services shall include all of the following:

- (1) A completed Application for Contract Approval to Provide Proposition Player Services (DGC-APP.030, rev. 06/04), which is hereby incorporated by reference.
- (2) A \$500 application fee.
- (3) An executed contract.
- (4) A deposit in such amount as, in the judgment of the Director of the Division, will be sufficient to pay the anticipated processing costs. The Division may require an additional sum to be deposited to pay the final costs of the review and approval or disapproval of the contract. Any money received as a deposit in excess of the costs incurred in the review and approval or disapproval of the contract will be refunded and an itemized accounting will be provided to the primary owner, or primary owner's designee.

- (b) The application shall be submitted to the Division no later than 90 days prior to the date that the current contract is scheduled to expire.

- (c) As soon as is practicable after determining that any application for approval of a proposition player contract extension is complete and that the contract extension appears to qualify for approval, but in no event less than 75 days from receipt of the application,

1 the Division shall submit the contract extension to the Commission for review and
2 comment. The Commission shall provide the Division with comments, if any, within 15
3 days of receipt of the contract extension.

4
5 **Section 12200.13 Playing Book**

6 (a) The primary owner shall be responsible for assuring that its players maintain accurate,
7 complete, and up-to-date playing books for all sessions of play worked in conformity
8 with regulations of the Commission. The information in the playing-book record shall be
9 transferred to the primary owner, or a supervisor designated by the primary owner at the
10 end of each session of play. The primary owner shall maintain this information in
11 English at a single location in the State of California, and shall maintain the original
12 playing book records in the State of California, for at least five years. The location or
13 locations where the records of this information and the original playing book records are
14 maintained, and any change therein, shall be disclosed to the Commission and Division
15 by written notice mailed or delivered within five business days after establishing or
16 changing such a location.

17 (b) Playing books shall be prepared and maintained as follows:

18 (1) Playing book forms shall be reviewed and approved or disapproved during the
19 review of the contract by the Division.

20 (2) Each form in the playing book shall be recorded in ink and include, but not be
21 limited to, the following information:

22 (A) Sequential numbers. Any unused form shall be voided and maintained in
23 the playing book.

24 (B) Specify the name of the gambling establishment where play occurred.

25 (C) The date when play occurred.

26 (D) Beginning and ending balances.

27 (E) All fills and credits affecting the balance shall be individually identified.

28 (F) The printed full name and badge number of the proposition player, which
29 includes owners, supervisors, and/or players.

30 (G) The table number.

(H) The specific name of the Division-approved gaming activity.

(I) The name of the primary owner.

- (3) The form for each session of play shall be dated and signed under penalty of perjury by the person who prepared it and shall include a declaration in the following form: "I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct."

Authority: Sections 19840, 19841, and 19984, Business and Professions Code

Reference: Section 19984, Business and Professions Code

Section 12200.14 Organization Chart and Employee Report

(a) No later than September 1, 2004, each registered primary owner shall submit a current organization chart and a listing of all employees to the Division and the Commission. The listing of employees shall be submitted on the form Third Party Proposition Player Services Employee Report (CGCC-440, New 06/04), which is hereby incorporated by reference.

(b) Upon renewal of the registration or license and six months thereafter, each registered or licensed primary owner shall submit an updated organization chart and a listing of all employees to the Division and the Commission.

Authority: Sections 19840, 19841, and 19984, Business and Professions Code

Reference: Section 19984, Business and Professions Code

Section 12200.15 Transfers and Sales

(a) No individual who is an owner shall in any manner transfer any interest in the proposition player services operation to any person, firm, or corporation until the proposed transferee or transferees have made application for and obtained registration or licensing as an owner from the Commission. Applications for a transfer of the interest shall be made by the transferee applying for registration or licensing under this regulation. Evidence of the transferor's agreement to transfer the interest shall accompany the application for registration or licensing.

- (b) The proposed articles of incorporation and sales and transfer agreement shall be submitted to the Commission for approval prior to submission of any application.
- (c) The effective date of the sale shall be at least 90 days after receipt of the application, or such other shorter time period as shall be set by the Executive Director with the agreement of the applicant.
- (d) The primary owner shall notify the Division and the Commission in writing within ten days of any change to the organization chart.

Authority: Sections 19840, 19841, and 19984, Business and Professions Code

Reference: Section 19984, Business and Professions Code

Section 12200.16 Inspections and Investigations

- (a) When requested by a representative of the Division, a registrant or licensee shall immediately permit the Division representative, in accordance with the request, to inspect, copy, or audit all requested documents, papers, books, and other records of the registrant or licensee related to the provision of proposition player services. If the records are maintained in electronic form and the registrant or licensee is requested to do so, the registrant or licensee shall provide a printed copy in English pursuant to this section within 24 hours of the request.
- (b) If requested in writing by the Executive Director, the Division shall conduct an inspection or investigation of a registrant or a licensee. Within 30 days of receipt of the request, the Division shall advise the Executive Director in writing of the status of the inspection or investigation and shall also provide an estimated date on which the inspection or investigation may reasonably be expected to be concluded. Upon completion of the inspection or investigation, the Division shall provide a final written report to the Executive Director.
- (c) Nothing in this chapter precludes Commission staff from carrying out their duties under applicable statutes and regulations.
- (d) All records required by this chapter shall be maintained in English, in California, for at least five years.

Authority: Sections 19840, 19841, and 19984, Business and Professions Code

1 **Reference:** Section 19984, Business and Professions Code

2
3 **Section 12200.17 Emergency Orders**

4 Registrants and licensees under this chapter shall be subject to emergency orders under Business
5 and Professions Code section 19931.

6 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

7 **Reference:** Sections 19984 and 19931, Business and Professions Code

8
9 **Section 12200.18 Revocation**

10 The Commission may revoke a registration or license, upon any of the following grounds, after a
11 hearing conducted pursuant to the same procedures applicable to the revocation of a gambling
12 establishment license:

- 13 (a) The registrant or licensee committed, attempted to commit, or conspired to commit any
14 acts prohibited by the Gambling Control Act or this chapter.
- 15 (b) Any act or omission by the registrant that would disqualify the registrant from obtaining
16 registration under this chapter. Any act or omission by the licensee that would disqualify
17 the licensee from obtaining licensing under this chapter.
- 18 (c) The registrant or licensee engaged in any dishonest, fraudulent, or unfairly deceptive
19 activities in connection with controlled gambling, including any violation of laws related
20 to cheating.
- 21 (d) The registrant or licensee failed or refused to comply with the requirements of Section
22 12200.16 (Inspections and Investigations).
- 23 (e) The registrant or licensee failed or refused to comply with the requirements of Section
24 12200.14 (Organization Chart and Employee Report).
- 25 (f) The registrant or licensee concealed or refused to disclose any material fact in any inquiry
26 by the Division or the Commission.
- 27 (g) The registrant or licensee committed, attempted, or conspired to commit any
28 embezzlement or larceny against a gambling licensee or proposition player registrant or
29 upon the premises of a gambling establishment.

- 1 (h) The registrant or licensee has been lawfully excluded from being present upon the
2 premises of any licensed gambling establishment for any reason relating to cheating or
3 any violation of the Gambling Control Act by the registrant.
- 4 (i) The registrant or licensee buys or sells chips outside the cage, except for exchanging with
5 a patron chips of one denomination for chips of another denomination.
- 6 (j) The registrant or licensee lends money or chips to gambling establishment patrons,
7 except for exchanging with a patron chips of one denomination for chips of another
8 denomination.
- 9 (k) The primary owner or any other owner knowingly permitted one or more of the owner's
10 supervisors or players to commit any act described in subsections (a) to (j), inclusive.
- 11 (l) The primary owner or any other owner knew, or failed to implement reasonable oversight
12 procedures that would have apprised the owner, that one or more of the registrants or
13 licensees was in violation of one or more provisions of this chapter or of the Gambling
14 Control Act and failed or refused to take action to prevent the recurrence of the violation
15 or violations.

16 **Authority:** Sections 19840, 19941, and 19984, Business and Professions Code

17 **Reference:** Section 19984, Business and Professions Code

18

19 **Section 12200.20 Annual Fee**

- 20 (a) No later than September 1 of each year, beginning September 1, 2004, each registered or
21 licensed primary owner shall submit to the Commission the annual fee set forth in
22 subsection (c) of this section, based on the total number of registrations or licenses
23 affiliated with that primary owner on the immediately preceding August 15. The
24 payment due September 1, 2004 shall be based on the total number of registrations
25 affiliated with the primary owner on August 15, 2004.
- 26 (b) Within 30 days of approval of any request to convert a registration to a license, the
27 Commission shall notify the licensee of any additional fees owed for the term of the
28 license granted, allowing pro rata credit on a monthly basis for any annual fee paid in
29 connection with a registration that has not expired.

(c) The annual fee shall be computed based on the following schedule reflecting the total number of registrants or licensees affiliated with a particular primary owner on the date of assessment:

Category	Number of Registrants or Licensees	Fee Per Registrant or Licensee
A	1—5	\$2800
B	6--35	\$3050
C	36--175	\$3300
D	176—400	\$3550
E	401--900	\$3800
F	901--1200	\$4050
G	1201 or more	\$4300

(d) (1) Upon advance written approval by the Executive Director, installment payments submitted prior to conversion to licensure shall be permitted as follows: one-third of the annual fee to be submitted no later than September 1, one-third no later than December 1, and the balance no later than March 1.

(2) Upon advance written approval by the Executive Director, installment payments submitted after conversion to licensure shall be permitted as follows: one-third of the annual fee to be submitted prior to issuance of the license, one-third to be submitted three months thereafter, and one-third to be submitted six months thereafter.

(e) Refunds shall not be available in the event of a subsequent decrease in the number of registrants or licensees upon which the annual fee payment was based.

(f) Following assessment of the annual fee, if the primary owner increases the number of its registrants or licensees above the number upon which the annual fee assessment was based, the primary owner shall submit to the Commission the additional per player fee set forth in subsection (c) of this section. No new badges will be issued until the additional per player fees has been received by the Commission.

(g) No renewal application shall be accepted by the Commission until any delinquent annual fees have been paid in full.

1 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

2 **Reference:** Section 19984, Business and Professions Code

3
4 **Section 12200.21 Compliance**

5 (a) Registrants and licensees shall comply with game rules approved by the Division,
6 including but not limited to, the rules regarding player-dealer rotation and table wagering.
7 No registrant or licensee shall be accorded any preference by the house over other
8 players; provided, that a proposition player contract may, at any table assigned for play
9 by the contracted registrant or licensee, preclude players of any other registrant or
10 licensee under this chapter or chapter 2.2 of this title from playing at that table during the
11 periods of play assigned by the proposition player contract for the contracted registrant or
12 licensee.

13 (b) Only an authorized player may possess, direct, or otherwise control currency, chips, or
14 other wagering instruments used for play in the performance of a proposition player
15 contract.

16 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

17 **Reference:** Section 19984, Business and Professions Code

18
19 **Article 2. Registration**

20 **Section 12200.25 Transition to Licensing**

21 (a) The Division shall summon persons registered as primary owners, owners, supervisors,
22 players, and other employees for the purpose of applying for licenses under this chapter.
23 The Division shall summon primary owners, owners, supervisors, players, and other
24 employees as expeditiously as possible in light of available program resources. The
25 registration of any registrant that fails or refuses to submit a Request for Conversion of a
26 Third Party Proposition Player Services Registration to a License (CGCC-437, new
27 06/04)(see section 12218(c)) including any fees to the Commission within 30 days of
28 receiving a summons from the Division shall expire by operation of law on the following
29 day. Prior to and during review of a request to convert a registration to a license, a

1 registration shall remain valid and may be renewed by the registrant as necessary, upon
2 application and approval of renewal of registration as provided in Section 12203.

3 (b) If the registration expires by operation of law, the former registrant shall submit a new
4 request to convert a registration to a license and a new nonrefundable application fee.

5 (c) The transition from registration to licensing for applications approved prior to April 30,
6 2004, shall be completed no later than July 1, 2007.

7 (d) A request to convert a registration to a license shall require only payment of a sum of
8 money that, in the judgment of the Director of the Division, will be adequate to pay the
9 anticipated investigation and processing costs, in accordance with Business and
10 Professions Code sections 19867 and 19984(c).

11 (e) If a license is issued, it will expire as provided in Section 12218.13 (Term of License).

12 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

13 **Reference:** Section 19984, Business and Professions Code

14
15 **Section 12201. Registration**

16 (a) On and after March 31, 2004, no person may provide proposition player services or
17 obtain a badge as required by Section 12200.3 without a current valid registration issued
18 by the Commission.

19 (b) Registration shall be issued for a period of one year.

20 (c) Registration under this Article or its predecessor shall not create any vested right to
21 licensing under Article 3 of this Chapter or any successor provision.

22 (d) If a primary owner is a corporation, partnership, or other business entity, each owner and
23 individual having a relationship to that entity specified in Business and Professions Code
24 section 19852, subdivisions (a) to (h), inclusive, shall individually apply for and obtain
25 registration as an owner listed on the business entity's registration certificate. No
26 business entity or sole proprietor shall be registered under this chapter that is also
27 licensed under the Gambling Control Act to operate a gambling establishment.

28 (e) If the application is for registration as a supervisor or player, the primary owner that will
29 employ the applicant shall be currently registered under this chapter.

(f) A registration certificate shall be issued to each primary owner and shall include an expiration date. All owners other than the primary owner shall be endorsed on the registration certificate that is issued to the primary owner.

(g) Registration is non-transferable.

Authority: Sections 19840, 19841, and 19984, Business and Professions Code

Reference: Sections 19984 and 19951(a), Business and Professions Code

Section 12202. Application for Registration

(a) The application for registration shall designate whether the registration is requested as a primary owner, other owner, supervisor, player, or other employee. The application shall be signed by both the individual applicant and the designated agent, or, if the applicant is a business entity, by the chief executive officer or other designated officer of the business entity.

(b) An application for registration shall include all of the following:

(1) Payment of a nonrefundable application fee in the amount of five hundred dollars (\$500).

(2) A completed Application for Third Party Proposition Player Services Registration (CGCC-435, Rev. 06/04), which is hereby incorporated by reference.

(3) A properly completed Request for Live Scan Service (California Department of Justice Form BCII 8016, rev. 4/01) for an applicant that is an individual, confirming that the applicant's fingerprints have been submitted to the Bureau for an automated background check and response.

(4) Two (2) two-by-two inch color passport-style photographs of an applicant that is an individual taken no more than one year before submission of the application to the Commission.

(c) An applicant that is an individual shall complete and submit form Third Party Proposition Player Services Registration Supplemental Information (CGCC-436, Rev. 06/04), which is hereby incorporated by reference.

(d) An applicant for registration or for any approval required by this chapter shall make full and true disclosure of all information to the Commission as required for the application

1 and as requested by the Commission to carry out the policies of this state relating to
2 controlled gambling.

3 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

4 **Reference:** Sections 19984 and 19951(a), Business and Professions Code

5
6 **Section 12203. Processing of Applications for Initial and Renewal Registration**

7 (a) The Executive Director shall notify the applicant in writing within 20 days of receiving
8 the application, that the application or resubmitted application is complete and accepted
9 for filing, or that the application or resubmitted application is deficient. If an application
10 for registration is incomplete, the Executive Director shall request in writing any
11 information needed in order to complete the application. The applicant shall be permitted
12 at least 60 but no more than 90 days in which to furnish the information. If the applicant
13 fails to respond to the request, the application shall be deemed abandoned and no further
14 action will be taken on it.

15 (b) Upon determination that an application for registration is complete, the application shall
16 be processed within 60 days and the Executive Director shall either issue the registration
17 and badge applied for or shall notify the applicant of denial and the grounds therefor
18 under Section 12204. However, this time may be extended by the Executive Director for
19 no more than 30 additional days if necessary to obtain information required to determine
20 eligibility. The Executive Director shall promptly notify the applicant in writing of any
21 such delay, including the length of the extension.

22 (c) If the applicant submits a request for withdrawal of his or her application to the
23 Commission, the application shall be deemed abandoned and no further action will be
24 taken on it.

25 (d) The Commission shall provide written notice of abandonment of an application to the
26 applicant. If the application is for registration as a supervisor, player, or other employee,
27 the Commission shall also provide written notice of abandonment of the application to
28 the primary owner.

29 (e) Nothing in this chapter shall require the Commission or Division to divulge to the
30 applicant any confidential information received from any law enforcement agency or any

1 information received from any person with assurances that the information would be
2 maintained as confidential. Nothing in this chapter shall require the Commission or
3 Division to divulge any information that might reveal the identity of any source of
4 information or jeopardize the safety of any person.

5 (f) Renewal applications for owners shall be received no later than 120 days prior to the
6 expiration of the current registration, together with all required fees. If an application is
7 received after this 120-day deadline, an expedited processing fee of \$60 shall be
8 submitted with the application. If an expedited processing fee is due but has not been
9 received, a registration renewal shall not be issued.

10 (g) Renewal applications for supervisors, players, and other employees shall be received no
11 later than 90 days prior to the expiration of the current registration, together with the
12 required \$500 application fee. If an application is received after this 90-day deadline, an
13 expedited processing fee of \$60 shall be submitted with the application. If an expedited
14 processing fee is due but has not been received, a registration renewal shall not be issued.

15 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

16 **Reference:** Section 19984, Business and Professions Code.

17
18 **Section 12204. Ineligibility for Registration**

19 An applicant shall be ineligible for registration for any of the following causes:

- 20 (a) Except for an individual seeking registration as “other employee,” an individual applicant
21 is under the age of 21.
- 22 (b) The applicant has been convicted of any felony, including a conviction in a court of the
23 United States or any other state of an offense that is classified as a felony by the laws of
24 this state.
- 25 (c) The applicant has, within the ten year period immediately preceding the submission of
26 the application, been convicted of a misdemeanor involving a firearm or other deadly
27 weapon, gaming or gaming-related activities prohibited by Chapter 9 (commencing with
28 Section 319) or Chapter 10 (commencing with section 330) of Title 9 of Part 1 of the
29 Penal Code, violations of the Gambling Control Act, or dishonesty or moral turpitude, not
30 including convictions which have been expunged or dismissed as provided by law.

- (d) If the application is for registration as an owner, supervisor, or player, the applicant has been subject to a final administrative or judicial adjudication revoking a registration under this chapter or a state gambling license, key employee license, work permit or finding of suitability or has had an application denied under this chapter or the Gambling Control Act.
- (e) The applicant would be ineligible for a state gambling license under any of the criteria set forth in Business and Professions Code section 19859, subdivisions (b), (e), or (f), the terms of which are incorporated by reference and hereby expressly made applicable to applications for registration under this chapter.
- (f) The applicant would be ineligible for a state gambling license under Business and Professions Code section 19858, the terms of which are incorporated by reference and hereby expressly made applicable to applications for registration under this chapter.
- (g) The applicant has violated one or more of the prohibitions set forth in Subsection 12200.7(b)(5), (11), or (20) or Subsection 12200.7(c)(1) and (3).
- (h) The applicant has failed to comply with one or more of the requirements set forth in Subsection 12200.7(b)(8), (9), (15), (16), (17), (18), (21), or in Subsections 12200.7(c)(2) or (e).
- (i) The applicant is ineligible based on any other provision of law.

Authority: Sections 19840, 19841, and 19984, Business and Professions Code

Reference: Section 19984, Business and Professions Code

12205. Cancellation of Registration

- (a) Any registration issued in accordance with this chapter shall be subject to cancellation pursuant to this section. A registration shall be cancelled if the Commission determines upon a noticed hearing that the registrant is ineligible for registration, has failed in the application for registration to reveal any fact material to the holder's qualification for registration, or has supplied information in the registration application that is untrue or misleading as to a material fact pertaining to the criteria for issuance of registration.
- (b) If the Commission finds that any of the circumstances set forth in subsection (a) apply, then the Executive Director shall immediately do all of the following:

(1) Provide written notice to the registrant and the Division of the cancellation of the registration and the grounds thereof, and provide written notice of the cancellation to the owner, if the registrant is a supervisor, player, or other employee and to any gambling establishment in which the registrant provides proposition player services.

(2) Notify the registrant that he or she is required to surrender the registrant's badge to the Commission not more than ten days following the date that the notice of the cancellation was mailed or such greater time as is authorized by the Executive Director.

Authority: Sections 19840, 19841, and 19984, Business and Professions Code.

Reference: Section 19984, Business and Professions Code

Article 3. Licensing

Section 12218. Request to Convert Registration to License

(a) A request to convert a registration to a license shall be submitted only in response to a written summons from the Division to a primary owner pursuant to Section 12200.25. Each primary owner's request shall be accompanied by the requests of all affiliated owners, supervisors, players, and other employees.

(b) The request to convert a registration to a license shall designate whether the license is requested as a primary owner, other owner, supervisor, player, or other employee. The request shall be signed by the individual requester or, if the requester is a business entity, by the chief executive officer or other designated officer of the business entity.

(c) The request to convert a registration to a license shall include all of the following:

(1) A completed Request for Conversion of a Third Party Proposition Player Services Registration to a License (CGCC-437, New 6/04), which is hereby incorporated by reference.

(2) Two (2) two-by-two inch color passport-style photographs of a requester that is an individual taken no more than 30 days before submission of the request to the Commission.

(3) The supplemental information package.

(4) A sum of money that, in the judgment of the Director of the Division, will be adequate to pay the anticipated investigation and processing costs, in accordance with Business and Professions Code section 19867.

- (d) Nothing in this chapter shall require the Commission or Division to divulge to the requester any confidential information received from any law enforcement agency or any information received from any person with assurances that the information would be maintained as confidential. Nothing in this chapter shall require the Commission or Division to divulge any information that might reveal the identity of any source of information or jeopardize the safety of any person.

Authority: Sections 19840, 19841, and 19984, Business and Professions Code

Reference: Section 19984, Business and Professions Code

Section 12218.5 Withdrawal of Request to Convert Registration to License

- (a) A request for withdrawal of a request to convert a registration to a license may be made at any time prior to final action upon the request by the Director by the filing of a written request to withdraw with the Commission. For the purposes of this section, final action by the Division means a final determination by the Director regarding his or her recommendation on the request to the Commission.

- (b) The Commission shall not grant the request unless the requester has established that withdrawal of the request would be consistent with the public interest and the policies of the Gambling Control Act and this chapter. If a request for withdrawal is denied, the Division may go forward with its investigation and make a recommendation to the commission upon the request, and the Commission may act upon the request to convert as if no request for withdrawal had been made.

- (c) If a request for withdrawal is granted with prejudice, the requester thereafter shall be ineligible to renew its request until the expiration of one year from the date of the withdrawal. Unless the Commission otherwise directs, no payment relating to any request is refundable by reason of withdrawal of request.

Authority: Sections 19840, 19841, and 19984, Business and Professions Code

Reference: Sections 19869 and 19984, Business and Professions Code

1
2 **Section 12218.7 Processing Times--Request to Convert Registration to License**

3 (a) Except as provided in subsection (b), a request to convert a registration to license
4 submitted pursuant to this chapter shall be processed within the following timeframes:

- 5 (1) The maximum time within which the Commission shall notify the applicant in
6 writing that a request or a resubmitted request is complete and accepted for initial
7 processing by the Commission, or that a request or a resubmitted request is
8 deficient and identifying what specific additional information is required, is 20
9 days after receipt of the request. For the purposes of this section, "request" means
10 the Request for Conversion of a Third Party Proposition Player Services
11 Registration to a License (CGCC-437, New 6/04), which was incorporated by
12 reference in Section 12218. A request is not complete unless accompanied by (1)
13 a copy of the summons from the Division setting a deadline for filing the request
14 with the Commission and (2) the supplemental information package required by
15 section 12218(c)(3) for review by the Division pursuant to paragraph (3) of this
16 subsection for persons affiliated with the primary owner to whom the summons
17 was addressed. The supplemental information shall not be reviewed for
18 completeness by the Commission.
- 19 (2) A request and the supplemental information package shall be forwarded by the
20 Commission to the Division for processing within 10 days of the date that the
21 Commission determines that the request is complete.
- 22 (3) The Division shall review the supplemental information package submitted for
23 completeness and notify the applicant of any deficiencies in the supplemental
24 information package, or that the supplemental information package is complete,
25 within 45 days of the date that the request and supplemental information package
26 are received by the Division from the Commission. Notwithstanding this
27 subsection, subsequent to acceptance of the supplemental information package as
28 complete, the Division may, pursuant to Business and Professions Code section
29 19866, require the requester to submit additional information.

1 (4) Pursuant to Business and Professions Code section 19868, the Division shall, to
2 the extent practicable, submit its recommendation to the Commission within 180
3 days after the date the Division is in receipt of both the completed request
4 pursuant to paragraph (2) of this subsection and the completed supplemental
5 information package pursuant to paragraph (3) of this subsection. If the Division
6 has not concluded its investigation within 180 days, then it shall inform the
7 applicant and the Commission in writing of the status of the investigation and
8 shall also provide the applicant and the Commission with an estimated date on
9 which the investigation may reasonably be expected to be concluded.

10 (5) The Commission shall grant or deny the request within 120 days after receipt of
11 the final written recommendation of the Division concerning the request, except
12 that the Commission may notify the applicant in writing that additional time, not
13 to exceed 30 days, is needed.

14 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

15 **Reference:** Section 19984, Business and Professions Code sections
16

17 **Section 12218.11 Ineligibility for Licensing**

18 A requester shall be ineligible for licensing for any of the following causes:

- 19 (a) Except for an individual seeking licensing as “other employee,” an individual applicant is
20 under the age of 21.
- 21 (b) The requester has been convicted of any felony, including a conviction in a court of the
22 United States or any other state of an offense that is classified as a felony by the laws of
23 this state.
- 24 (c) The requester has, within the ten year period immediately preceding the submission of
25 the request to convert, been convicted of a misdemeanor involving a firearm or other
26 deadly weapon, gaming or gaming-related activities prohibited by Chapter 9
27 (commencing with Section 319) or Chapter 10 (commencing with section 330) of Title 9
28 of Part 1 of the Penal Code, violations of the Gambling Control Act, or dishonesty or
29 moral turpitude.

- (d) If the request to convert is for licensing as an owner, supervisor, or player, the requester has been subject to a final administrative or judicial adjudication revoking a registration or license under this chapter or a state gambling license, key employee license, work permit or finding of suitability or has had an application denied under this chapter or the Gambling Control Act.
- (e) The requester would be ineligible for a state gambling license under any of the criteria set forth in Business and Professions Code section 19859, subdivisions (b), (e), or (f), the terms of which are incorporated by reference and hereby expressly made applicable to requests to convert under this chapter.
- (f) The requester would be ineligible for a state gambling license under Business and Professions Code section 19858, the terms of which are incorporated by reference and hereby expressly made applicable to applications for registration under this chapter.
- (g) The requester has violated one or more of the prohibitions set forth in Subsection 12200.7(b)(5), (11) and (20) or Subsection 12200.7(c)(1) and (3).
- (h) The requester has failed to comply with one or more of the requirements set forth in Subsection 12200.7(b)(8), (9), (15), (16), (17), (18) or (21) or in Subsection 12200.7(c)(2) and (e).
- (i) The applicant is ineligible based on any other provision of law.

Authority: Sections 19840, 19841, and 19984, Business and Professions Code

Reference: Section 19984, Business and Professions Code

Section 12218.13 Term of License

All initial licenses shall be issued for a period of two years. Due to nonrecurring workload problems associated with the processing of the first round of requests to convert registrations to licenses, all other initial licenses that are granted within three years of the effective date of these regulations shall be issued for a period of two years. Beginning July 1, 2007, all licenses other than player licenses shall be issued for a period of one year, except as otherwise provided by a subsequently adopted regulation of the Commission.

Authority: Sections 19840, 19841, and 19984, Business and Professions Code

Reference: Section and 19984, Business and Professions Code

1	Chapter 2.2	Gambling Businesses: Registration; Licensing
2	Article 1.	Definitions and General Provisions
3	Section 12220.	Definitions
4	Section 12220.1	Certificate
5	Section 12220.3	Badge
6	Section 12220.5	Replacement Badge
7	Section 12220.6	Transfer of Player Registration or License
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9	Section 12220.14	Organization Chart and Employee Report
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19	Section 12221.	Registration
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22	Section 12224.	Ineligibility for Registration
23	Section 12225.	Cancellation of Registration
24	Article 3.	Licensing
25	Section 12233	Request to Convert Registration to License
26	Section 12234	Withdrawal of Request to Convert Registration to License
27	Section 12235	Processing Times--Request to Convert Registration to License
28	Section 12236	Ineligibility for Licensing
29	Section 12237	Term of License

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Proposition Player/Gambling Business Emergency Regulation

Effective July 6, 2004, p. 37

1 **Article 1. Definitions and General Provisions**

3 **Section 12220. Definitions**

4 (a) Except as otherwise provided in subsection (b), the definitions in Business and
5 Professions Code section 19805 shall govern the construction of this chapter.

6 (b) As used in this chapter:

7 (1) “Applicant” means the applicant for registration under this chapter, including in
8 the case of an owner that is a corporation, partnership, or any other business
9 entity, all persons whose registrations or licenses are required to be endorsed upon
10 the primary owner’s registration or license certificate.

11 (2) “Authorized player” means an individual associated with a particular primary
12 owner whose badge authorizes play in a controlled game on behalf of the primary
13 owner, including the primary owner, all other owners, all supervisors, and all
14 players. “Authorized player” does not include funding sources. Only authorized
15 players may perform the functions of a supervisor or player.

16 (3) “Badge” means a form of identification issued by the Commission identifying a
17 registrant or licensee. A badge authorizing play in a controlled game shall be of a
18 distinctly different color than a badge that identifies a registrant or licensee, but
19 does not authorize play.

20 (4) “Bureau” means the Bureau of Criminal Identification and Information of the
21 California Department of Justice.

22 (5) “Commission” means the California Gambling Control Commission.

23 (6) “Deadly weapon” means any weapon, the possession or concealed carrying of
24 which is prohibited by Penal Code section 12020.

25 (7) “Division” means the Division of Gambling Control in the California Department
26 of Justice. Information that this chapter requires to be sent to the Division shall
27 be submitted in writing to the Sacramento office of the Division.

28 (8) “Executive Director” means the Executive Director of the Commission or such
29 other person as may be designated by the Commission.

- 1 (9) “Funding source” means any person that provides financing, including but not
2 limited to loans, advances, any other form of credit, chips, or any other
3 representation or thing of value, to an owner-registrant or owner-licensee, other
4 than individual registrants under Subsection (c) of Section 12221 or licensees.
5 “Funding source” does not include any federally or state chartered lending
6 institution or any of the following entities that in the aggregate owns at least one
7 hundred million dollars (\$100,000,000) of securities of issuers that are not
8 affiliated with the entity:
- 9 (A) Any federally-regulated or state-regulated bank or savings association or
10 other federally- or state-regulated lending institution.
- 11 (B) Any company that is organized as an insurance company, the primary and
12 predominant business activity of which is the writing of insurance or the
13 reinsuring of risks underwritten by insurance companies, and that is
14 subject to supervision by the Insurance Commissioner of California, or a
15 similar official or agency of another state.
- 16 (C) Any investment company registered under the federal
17 Investment Company Act of 1940 (15 U.S.C. sec. 80a-1 et seq.).
- 18 (D) Any retirement plan established and maintained by the United States, an
19 agency or instrumentality thereof, or by a state, its political subdivisions,
20 or any agency or instrumentality of a state or its political subdivisions, for
21 the benefit of its employees.
- 22 (E) Any employee benefit plan within the meaning of Title I of the federal
23 Employee Retirement Income Security Act of 1974 (29 U.S.C. sec. 1001
24 et seq.).
- 25 (F) Any securities dealer registered pursuant to the federal
26 Securities Exchange Act of 1934 (15 U.S.C. sec. 78a et seq.).
- 27 (G) Any entity, all of the equity owners of which individually meet the criteria
28 of this paragraph (9).
- 29 (10) “Gambling business,” except as otherwise provided in this paragraph,
30 means a business enterprise that engages the services of employees,

- independent contractors, or both to participate in the play of any controlled game in a gambling establishment that has a rotating player-dealer position as permitted by Penal Code section 330.11. “Gambling business” also refers to the conduct of such a business enterprise in a gambling establishment. “Gambling business” does not, however, include the provision of proposition player services subject to Chapter 2 (commencing with Section 12200) of this title.
- (11) “Gambling Control Act” or “Act” means Chapter 5 (commencing with Section 19800) of Division 8 of the Business and Professions Code.
- (12) “License” means a license issued by the Commission pursuant to article 3 of this chapter.
- (A) There are four license categories entitling the holder to operate a gambling business:
1. primary owner,
 2. owner, if issued a playing badge,
 3. supervisor, and
 4. player.
- (B) All other employees of the primary owner who are present in the gambling establishment during the conduct of the gambling business shall be licensed as “other employee” and shall be required to submit an application and be approved or denied based upon the same criteria that apply to a player.
- (13) “Licensee” means a person having a valid license.
- (14) "Organization chart" means a chart that identifies the names and titles of all owners, as defined in section 12220, supervisors, and any persons having significant influence over the operation of gambling business; the percentage of ownership, if any, held by each identified individual or entity; and the reporting relationship for each identified individual or entity.
- (15) “Owner” includes all of the following:

- 1 (A) A sole proprietor, corporation, partnership, or other business entity that
2 provides or proposes to conduct a gambling business.
- 3 (B) Any individual specified in subsection (c) of Section 12221, and
4 (C) Any funding source.
- 5 (16) "Playing Book" means a record documenting each session of play by a third-party
6 proposition player.
- 7 (17) "Preference" means and is limited to both of the following if sanctioned by house
8 rule or otherwise directed by the house or its employees:
- 9 (A) Any priority in the continuous and systematic rotation of the deal, as
10 required by Penal Code section 330.11, such that a registrant becomes
11 entitled by reason of the priority to occupy the player-dealer position more
12 often than other players. Nothing in this paragraph precludes the house
13 from assigning a particular seat to a registrant.
- 14 (B) Any advantage to the registrant over other players in the placement of
15 wagers.
- 16 (18) "Primary Owner" means the owner specified in subparagraph (A) of paragraph
17 (15) of this subsection.
- 18 (19) "Rebate" means a partial return by an authorized proposition player of chips or
19 money to a patron who has lost the chips or money to the authorized player
20 through play in a controlled game at a gambling establishment.
- 21 (20) "Registrant" means a person having a valid registration.
- 22 (21) "Registration" means a registration issued by the Commission pursuant to this
23 chapter. There are four registration categories entitling the holder to participate in
24 the operation of a gambling business: primary owner, owner, supervisor, and
25 player. All other employees of the primary owner who are present in the
26 gambling establishment during the operation of the gambling business shall be
27 registered as "other employee." A primary owner issued a playing badge and an
28 owner issued a playing badge may also perform the functions of a supervisor or
29 player, and the holder of a supervisor's registration or license may also perform
30 the functions of a player. No registrant, other than an owner issued a playing

1 badge, supervisor, or player, may possess, direct, or otherwise control currency,
2 chips, or other wagering instruments used for play as part of the operation of a
3 gambling business. An individual registered or licensed as an “other employee”
4 may not function as a player unless and until that individual applies for and
5 obtains a registration or a license as player.

6 (22) “Session of play” as used in Section 12220.13 (“Playing Book”) means a
7 continuous work shift of third-party proposition player services provided by an
8 individual proposition player.

9 (23) “Supervisor” means an individual who, in addition to any supervisory
10 responsibilities, has authority, on behalf of the primary owner, to provide or direct
11 the distribution of currency, chips, or other wagering instruments to affiliated
12 registrants or licensees who are authorized to play.

13 (24) “Supplemental information package” means all of the documentation and deposits
14 required by each of the following forms (which are hereby incorporated by
15 reference) to be submitted to the Commission in response to a summons issued by
16 the Division pursuant to Section 12220.25:

17 (A) Primary owners as defined in Section 12220(b), shall complete the form
18 Level IV Supplemental Information-Providers of Proposition Players and
19 Funding Sources (DGC-APP. 035, New 06/04) for a level IV
20 investigation.

21 (B) Owners, as defined in Section 12220(b), that are a natural person shall
22 complete the form Level III Supplemental Information-Individual (DGC-
23 APP. 034A, New 06/04) for a level III investigation.

24 (C) Owners, as defined in Section 12220(b), that are not a natural person shall
25 complete the form Level III Supplemental Information-Business (DGC-
26 APP. 034B, New 06/04) for a level III investigation.

27 (D) Supervisors, as defined in Section 12220(b) shall complete the form Level
28 II Supplemental Information (DGC-APP. 033, New 06/04) for a level II
29 investigation.

(E) Other employees, independent contractors, and players shall complete the form Level I Supplemental Information (DGC-APP. 032, New 06/04) for a level I investigation.

Authority: Sections 19840, 19841, and 19853(a)(3), Business and Professions Code

Reference: Sections 19805 and 19853(a)(3), Business and Professions Code

Section 12220.1 Certificate

(a) The Commission shall issue a registration or license certificate, as applicable, to each primary owner.

(b) The Commission shall endorse upon each certificate the names of all other owners affiliated with the primary owner.

Authority: Sections 19840, 19841, and 19853(a)(3), Business and Professions Code

Reference: Sections 19805 and 19853(a)(3), Business and Professions Code

Section 12220.3 Badge

(a) All individuals registered or licensed as primary owners, owners, supervisors, players, or other employees of the primary owner shall wear in a prominently visible location a numbered badge issued by the Commission when present in a gambling establishment during the operation of the gambling business. If an individual ceases to be employed by or affiliated with a particular primary owner, that individual shall surrender his or her badge to the primary owner. The primary owner shall notify the Commission and the Division in writing within 10 days of the change in status using Change in Status Form for a Gambling Business Registration (CGCC-541, New 06/04), which is hereby incorporated by reference. Any primary owner receiving a badge from an individual formerly employed by or affiliated with the primary owner shall return the badge to the Commission within 10 days of receiving the badge from the holder.

(b) The words "GAMBLING BUSINESS PLAYER REGISTRANT," "NON-PLAYER GAMBLING BUSINESS REGISTRANT," "GAMBLING BUSINESS PLAYER LICENSEE," OR "NON-PLAYER GAMBLING BUSINESS LICENSEE" in capital letters shall be prominently displayed on the front of the badge. The first name of the

registrant or licensee shall appear on the front of the badge. The full name of the registrant or licensee shall be printed on the reverse side of the badge, together with the registrant's or licensee's category of registration or licensing as an owner, supervisor, player, or other employee.

(c) On the badge, there shall be displayed the picture of the registrant or licensee submitted with the application, the badge number, and expiration date. On the badge there shall be displayed the name of the primary owner employing the registrant or licensee, which shall be the fictitious business name, if any, established pursuant to Chapter 5 (commencing with Section 17900) of Part 3 of Division 7 of the Business and Professions Code.

(d) Upon renewal of each registration and upon issuance of each registration or license, authorized players shall be issued a badge of one color; individuals not authorized to play shall be issued a badge of a distinctly different color.

(e) An individual registered as a player with a particular primary owner shall apply for and obtain a new badge before beginning to work for an additional primary owner.

(f) Registration, licenses, and badges are specific to the primary owner. A gambling business cannot be operated without first applying for and obtaining a registration, license, or badge.

Authority: Sections 19840, 19841, and 19853(a)(3), Business and Professions Code

Reference: Sections 19805 and 19853(a)(3), Business and Professions Code

Section 12220.5 Replacement of Badge

(a) Upon application, the Executive Director or other person designated by the Commission shall issue a replacement badge if all of the following conditions are met:

- (1) The applicant has a current valid registration or license.
- (2) The application is complete and has been submitted on the form Request for Replacement Gambling Business Badge (CGCC-538, New 06/04), which is hereby incorporated by reference.
- (3) The applicant has supplied all of the following to the Commission:

- (A) A two by two inch color passport-style photograph taken
no more than 30 days before submission to the
Commission of the badge replacement or transfer request.
- (B) A nonrefundable \$25.00 fee payable to the Commission.
- (C) The category of the position and information concerning the primary
owner for which the replacement badge is requested: the name of the
primary owner, mailing address, voice telephone number, facsimile
number (if any), and email address (if any).
- (D) A statement under penalty of perjury that a replacement badge is needed
due to loss or destruction of the originally issued badge.
- (b) A replacement badge issued pursuant to this section shall be valid during the unexpired
term of the previously issued registration or license.
- (c) Upon issuance of the replacement badge, the previously
issued badge for that gambling business shall become void and shall not be used.
- (d) Replacement badges shall be issued by the Commission within seven days of receipt of a
complete application.

Authority: Sections 19811, 19840, 19841, and 19853(a)(3), Business and Professions Code

Reference: Section and 19853(a)(3), Business and Professions Code

Section 12220.6 Transfer of Player Registration or License

- (a) Upon application, the Executive Director or other person designated by the Commission
shall issue a player transfer badge if all of the following conditions are met:
- (1) The applicant has a currently valid registration or license.
- (2) The application is complete and has been submitted on the form Request for
Transfer of Gambling Business Registration/License (CGCC-539, New 06/04),
which is hereby incorporated by reference.
- (3) The applicant has supplied all of the following to the
Commission:
- (A) A two by two inch color passport-style photograph taken
no more than 30 days before submission to the

Commission of the badge transfer request.

(B) A nonrefundable \$250.00 fee payable to the Commission.

(C) The names of the current and future primary owner, mailing address, voice telephone number, facsimile number (if any), and email address (if any).

(b) A transfer badge issued pursuant to this section shall be valid during the unexpired term of the previously issued registration or license.

(c) Upon issuance of the transfer badge, the previously issued badge shall become void and shall not be used.

(d) Transfer badges shall be issued by the Commission within seven days of receipt of a complete application.

Authority: Sections 19811, 19840, 19841, and 19853(a)(3), Business and Professions Code

Reference: Sections 19805 and 19853(a)(3), Business and Professions Code

Section 12220.13 Playing Book

(a) The primary owner shall be responsible for assuring that its players maintain accurate, complete, and up-to-date playing books for all sessions of play worked in conformity with regulations of the Commission. The information in the playing-book record shall be transferred to the primary owner, or a supervisor designated by the primary owner at the end of each session of play. The primary owner shall maintain this information in English at a single location in the State of California, and shall maintain the original playing book records in the State of California, for at least five years. The location or locations where the records of this information and the original playing book records are maintained, and any change therein, shall be disclosed to the Commission and Division by written notice mailed or delivered within five business days after establishing or changing such a location.

(b) Playing books shall be prepared and maintained as follows:

(1) Playing book forms shall be reviewed and approved or disapproved by the Division.

(2) Each form in the playing book shall be recorded in ink and include, but not be limited to, the following information:

- (A) Sequential numbers. Any unused form shall be voided and maintained in the playing book.
- (B) Specify the name of the gambling establishment where play occurred.
- (C) The date when play occurred.
- (D) Beginning and ending balances.
- (E) All fills and credits affecting the balance shall be individually identified.
- (F) The printed full name and badge number of the player, which includes owners, supervisors, and/or players.
- (G) The table number.
- (H) The specific name of the Division-approved gaming activity.
- (I) The name of the primary owner.
- (3) The form for each session of play shall be dated and signed under penalty of perjury by the person who prepared it and shall include a declaration in the following form: "I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct."

Authority: Sections 19840, 19841, and 19853(a)(3), Business and Professions Code

Reference: Sections 19805 and 19853(a)(3), Business and Professions Code

Section 12220.14. Organization Chart and Employee Report

- (a) No later than September 1, 2004, each registered primary owner shall submit a current organization chart and a listing of all employees and independent contractors to the Division and the Commission. The listing of employees shall be submitted on the form Gambling Business Employee and Independent Contractor Report (CGCC-540, New 06/04), which is hereby incorporated by reference.
- (b) Upon renewal of the registration or license and six months thereafter, each registered or licensed primary owner shall submit an updated organization chart and a listing of all employees to the Division and the Commission.

Authority: Sections 19840, 19841, and 19853(a)(3), Business and Professions Code

Reference: Section 19853(a)(3), Business and Professions Code

1 **Section 12220.15 Transfers and Sales**

2 (a) No individual who is an owner shall in any manner transfer any interest in the proposition
3 player services operation to any person, firm, or corporation until the proposed transferee
4 or transferees have made application for and obtained registration or licensing as an
5 owner from the Commission. Applications for a transfer of the interest shall be made by
6 the transferee applying for registration or licensing under this regulation. Evidence of the
7 transferor's agreement to transfer the interest shall accompany the application for
8 registration or licensing.

9 (b) The proposed articles of incorporation and sales and transfer agreement shall be
10 submitted to the Commission for approval prior to submission of any application.

11 (c) The effective date of the sale shall be at least 90 days after receipt of the application, or
12 such other shorter time period as shall be set by the Executive Director with the
13 agreement of the applicant.

14 (d) The primary owner shall notify the Division and the Commission in writing within ten
15 days of any change to the organization chart.

16 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions Code

17 **Reference:** Section 19853(a)(3), Business and Professions Code

18
19 **Section 12220.16. Inspections and Investigations**

20 (a) When requested by a representative of the Division, a registrant or licensee shall
21 immediately permit the Division representative, in accordance with the request, to
22 inspect, copy, or audit all requested documents, papers, books, and other records of the
23 registrant or licensee related to the gambling business. If the records are maintained in
24 electronic form and the registrant or licensee is requested to do so, the registrant or
25 licensee shall provide a printed copy in English pursuant to this section within 24 hours
26 of the request.

27 (b) If requested in writing by the Executive Director, the Division shall conduct an inspection
28 or investigation of a registrant or a licensee. Within 30 days of receipt of the request, the
29 Division shall advise the Executive Director in writing of the status of the inspection or
30 investigation and shall also provide an estimated date on which the inspection or

1 investigation may reasonably be expected to be concluded. Upon completion of the
2 inspection or investigation, the Division shall provide a final written report to the
3 Executive Director.

4 (c) Nothing in this chapter precludes Commission staff from carrying out their duties under
5 applicable statutes and regulations.

6 (d) All records required by this chapter shall be maintained in English, in California, for at
7 least five years.

8 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions Code

9 **Reference:** Section 19853(a)(3), Business and Professions Code

10 11 **Section 12220.17 Emergency Orders**

12 Registrants and licensees under this chapter shall be subject to emergency orders under Business
13 and Professions Code section 19931.

14 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions Code

15 **Reference:** Section 19853(a)(3), Business and Professions Code

16 17 **Section 12220.18 Revocation**

18 The Commission may revoke a registration or license, upon any of the following grounds, after a
19 hearing conducted pursuant to the same procedures applicable to the revocation of a gambling
20 establishment license:

21 (a) The registrant or licensee committed, attempted to commit, or conspired to commit any
22 acts prohibited by the Gambling Control Act or this chapter.

23 (b) Any act or omission by the registrant that would disqualify the registrant from obtaining
24 registration under this chapter. Any act or omission by the licensee that would disqualify
25 the licensee from obtaining licensing under this chapter.

26 (c) The registrant or licensee engaged in any dishonest, fraudulent, or unfairly deceptive
27 activities in connection with controlled gambling, including any violation of laws related
28 to cheating.

29 (d) The registrant or licensee failed or refused to comply with the requirements of Section
30 12200.16 (Inspections and Investigations).

- (e) The registrant or licensee failed or refused to comply with the requirements of Section 12200.14 (Organization Chart and Employee Report).
- (f) The registrant or licensee concealed or refused to disclose any material fact in any inquiry by the Division or the Commission.
- (g) The registrant or licensee committed, attempted, or conspired to commit any embezzlement or larceny against a gambling licensee or proposition player registrant or upon the premises of a gambling establishment.
- (h) The registrant or licensee has been lawfully excluded from being present upon the premises of any licensed gambling establishment for any reason relating to cheating or any violation of the Gambling Control Act by the registrant.
- (i) The registrant or licensee buys or sells chips outside the cage, except for exchanging with a patron chips of one denomination for chips of another denomination.
- (j) The registrant or licensee lends money or chips to gambling establishment patrons or proposition players, except for exchanging with a patron chips of one denomination for chips of another denomination.
- (k) The primary owner or any other owner knowingly permitted one or more of the owner's supervisors or players to commit any act described in subsections (a) to (j), inclusive.
- (l) The primary owner or any other owner knew, or failed to implement reasonable oversight procedures that would have apprised the owner, that one or more of the registrants or licensees was in violation of one or more provisions of this chapter or of the Gambling Control Act and failed or refused to take action to prevent the recurrence of the violation or violations.

Authority: Sections 19840, 19841, and 19853(a)(3), Business and Professions Code

Reference: Section 19853(a)(3), Business and Professions Code

Section 12220.20 Annual Fee

- (a) No later than September 1 of each year, beginning September 1, 2004, each registered or licensed primary owner shall submit to the Commission the annual fee set forth in subsection (c) of this section, based on the total number of registrations or licenses affiliated with that primary owner on the immediately preceding August 15. The

1 payment due September 1, 2004 shall be based on the total number of registrations
2 affiliated with the primary owner on August 15, 2004.

3 (b) Within 30 days of approval of any request to convert a registration to a license, the
4 Commission shall notify the licensee of any additional fees owed for the term of the
5 license granted, allowing pro rata credit on a monthly basis for any annual fee paid in
6 connection with a registration that has not expired.

7 (c) The annual fee shall be computed based on the following schedule reflecting the total
8 number of registrants or licensees affiliated with a particular primary owner on the date
9 of assessment:

10	Category	Number of Registrants	Fee Per Registrant
11		or Licensees	or Licensee
12	A	1—5	\$2800
13	B	6--35	\$3050
14	C	36--175	\$3300
15	D	176—400	\$3550
16	E	401--900	\$3800
17	F	901--1200	\$4050
18	G	1201 or more	\$4300

19 (d) (1) Upon advance written approval by the Executive Director, installment payments
20 submitted prior to conversion to licensure shall be permitted as follows: one-third
21 of the annual fee to be submitted no later than September 1, one-third no later
22 than December 1, and the balance no later than March 1.

23 (2) Upon advance written approval by the Executive Director, installment payments
24 submitted after conversion to licensure shall be permitted as follows: one-third of
25 the annual fee to be submitted prior to issuance of the license, one-third to be
26 submitted three months thereafter, and one-third to be submitted six months
27 thereafter.

28 (e) Refunds shall not be available in the event of a subsequent decrease in the number of
29 registrants or licensees upon which the annual fee payment was based.

- (f) Following assessment of the annual fee, if the primary owner increases the number of its registrants or licensees above the number upon which the annual fee assessment was based, the primary owner shall submit to the Commission the additional per player fee set forth in subsection (c) of this section. No new badges will be issued until the additional per player fee has been received by the Commission.
- (g) No renewal application shall be accepted by the Commission until any delinquent annual fees have been paid in full.

Authority: Sections 19801, 19811, 19823, 19824, 19840, 19841, and 19853(a)(3), Business and Professions Code

Reference: Section 19853(a)(3), Business and Professions Code

Section 12220.21 Compliance

- (a) Registrants and licensees shall comply with game rules approved by the Division, including but not limited to, the rules regarding player-dealer rotation and table wagering. No registrant or licensee shall be accorded any preference by the house over other players.
- (b) Only an authorized player may possess, direct, or otherwise control currency, chips, or other wagering instruments used for play in the operation of the gambling business.

Authority: Sections 19840, 19841, and 19853(a)(3), Business and Professions Code

Reference: Section 19853(a)(3), Business and Professions Code

Section 12220.23 Exclusion

- (a) In order to promote the purposes of the Gambling Control Act to provide for effective regulation of gambling enterprises, owner-licensees of gambling establishments shall notify the Commission and Division of, and may exclude from the gambling establishment, any person that the owner-licensee reasonably believes is conducting a gambling business within the gambling establishment without having been registered under this chapter. An owner-licensee acting under this section shall notify the Commission and Division in writing of any such unregistered person and any such exclusion, including the identity of the excluded individuals and entity if known, within

1 10 business days following the exclusion. Upon receiving such notice of an unregistered
2 person, the Commission shall notify the person in writing of the registration requirement
3 of this chapter and shall notify all owner-licensees of the name of the unregistered
4 person, if known and may condition any subsequent registration of the person under this
5 chapter or Chapter 2.1 of this title upon a 60 to 90 day suspension of registration or
6 payment of a civil penalty under Business and Professions Code section 19930(c), or
7 both.

- 8 (b) An owner-licensee of a gambling establishment may exclude any registered gambling
9 business upon providing notification to the Commission and Division in writing within
10 five days following the exclusion.

11 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions Code

12 **Reference:** Sections 19853(a)(3) and 19931, Business and Professions Code
13

14 **Article 2. Registration**

15 16 **Section 12220.25 Transition to Licensing**

- 17 (a) The Division shall summon persons registered as primary owners, owners, supervisors,
18 players, and other employees for the purpose of applying for licenses under this chapter.
19 The Division shall summon primary owners, owners, supervisors, players, and other
20 employees as expeditiously as possible in light of available program resources. The
21 registration of any registrant that fails or refuses to submit a Request for Conversion of a
22 Gambling Business Registration to a License (CGCC-537, New 06/04))(see section
23 12233(c)) including any fees to the Commission within 30 days of receiving a summons
24 from the Division shall expire by operation of law on the following day. Prior to and
25 during review of a request to convert a registration to a license, a registration shall remain
26 valid and may be renewed by the registrant as necessary, upon application and approval
27 of renewal of registration.
- 28 (b) If the registration expires by operation of law, the former registrant shall submit a new
29 request to convert a registration to a license and a new nonrefundable application fee.
- 30 (c) The transition from registration to licensing for applications approved prior to April 30,
31 2004, shall be completed no later than July 1, 2007.

(d) A request to convert a registration to a license shall require only payment of a sum of money that, in the judgment of the Director of the Division, will be adequate to pay the anticipated investigation and processing costs, in accordance with Business and Professions Code section 19867.

(e) If a license is issued, it will expire as provided in Section 12237 (Term of License).

Authority: Sections 19840, 19841, and 19853(a)(3), Business and Professions Code

Reference: Section 19853(a)(3), Business and Professions Code

Section 12221. Registration

(a) On and after March 5, 2004, no person may engage in a gambling business as an owner or as an employee or independent contractor of an owner, nor may any person obtain a badge as required by Section 12220.3 without a current valid registration issued by the Commission. Persons registered to provide proposition player services under Chapter 2 (commencing with Section 12200) of this title are not required to register under this chapter to provide proposition player services pursuant to one or more proposition player contracts approved by the Division pursuant to Section 12200.9 of this title.

(b) Registration shall be issued for a period of one year.

(c) If a primary owner is a corporation, partnership, or other business entity, each owner and individual having a relationship to that entity specified in Business and Professions Code section 19852, subdivisions (a) to (h), inclusive, shall individually apply for and obtain registration as an owner listed on the business entity's registration certificate.

(d) Any application for registration of any person, other than as the primary owner, shall designate the primary owner or owners that will employ the applicant or with whom the applicant otherwise will be affiliated. The registration certificate issued to any person, other than the primary owner, shall specify the name of the registered primary owner that employs the applicant or with whom the applicant is otherwise affiliated.

Authority: Sections 19840, 19841, and 19853(a)(3), Business and Professions Code

Reference: Section 19853(a)(3), Business and Professions Code

Section 12222. Application for Registration

- (a) The application for registration shall designate whether registration is requested as a primary owner, other owner, or employee or independent contractor of the primary owner. The application shall be signed by both the individual applicant and the designated agent, or, if the applicant is a business entity, by the chief executive officer or other designated officer of the business entity.
- (b) An application for registration shall include all of the following:
- (1) Payment of a nonrefundable application fee in the amount of five hundred dollars (\$500).
 - (2) A completed Application for Gambling Business Registration (CGCC-535, Rev. 06/04), which is hereby incorporated by reference.
 - (3) A properly completed Request for Live Scan Service (California Department of Justice Form BCII 8016, rev. 4/01) of an applicant that is an individual, confirming that the applicant's fingerprints have been submitted to the Bureau for an automated background check and response.
 - (4) Two two-by-two inch color passport-style photographs of an applicant that is an individual taken no more than one year before submission of the application to the Commission.
- (c) An applicant shall submit such supplemental information as may be required by the form Gambling Business Registration Supplemental Information (CGCC-536, Rev. 06/04), which is hereby incorporated by reference, or by the Division as necessary for completion of its review as provided in this chapter.
- (d) An applicant for registration shall make full and true disclosure of all information to the Commission and Division as required for the application and as requested by the Commission or Division to carry out the policies of this state relating to controlled gambling.

Authority: Sections 19840, 19841, and 19853(a)(3), Business and Professions Code

Reference: Sections 19853(a)(3) and 19951(a), Business and Professions Code

Section 12223. Processing of Applications

- 1 (a) The Executive Director shall notify the applicant in writing within fifteen business days
2 of receiving the application, that the application or resubmitted application is complete
3 and accepted for filing, or that the application or resubmitted application is deficient. If
4 an application for registration is incomplete, the Executive Director shall request in
5 writing any information needed in order to complete the application. The applicant shall
6 be permitted at least 60 but no more than 90 days in which to furnish the information. If
7 the applicant fails to respond to the request, the application shall be deemed abandoned
8 and no further action will be taken on it.
- 9 (b) Upon determination that an application for registration is complete, the application shall
10 be processed within 60 days and the Executive Director shall either issue the registration
11 and, if applicable, the badge applied for or shall notify the applicant of denial and the
12 grounds therefor under Section 12224. However, this time may be extended by the
13 Executive Director for no more than 30 additional days if necessary to obtain information
14 required to determine eligibility. The Executive Director shall promptly notify the
15 applicant in writing of any such delay, including the length of the extension.
- 16 (c) If the applicant submits a request for withdrawal of his or her application to the
17 Commission, the application shall be deemed abandoned and no further action will be
18 taken on it.
- 19 (d) The Commission shall provide written notice of abandonment of an application to the
20 applicant and the Division. If the application is for registration as other than the primary
21 owner, the Commission shall also provide written notice of abandonment of the
22 application to the primary owner.
- 23 (e) Nothing in this chapter shall require the Commission or Division to divulge to the
24 applicant any confidential information received from any law enforcement agency or any
25 information received from any person with assurances that the information would be
26 maintained as confidential, and nothing in this chapter shall require the Commission or
27 Division to divulge any information that might reveal the identity of any source of
28 information or jeopardize the safety of any person.

29 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions Code

30 **Reference:** Section 19853(a)(3), Business and Professions Code

1
2 **Section 12224. Ineligibility for Registration**

3 An applicant shall be ineligible for registration for any of the following causes:

- 4 (a) The applicant has been convicted of any felony, including a conviction in a court of the
5 United States or any other state of an offense that is classified as a felony by the laws of
6 this state.
- 7 (b) The applicant has, within the ten year period immediately preceding the submission of
8 the application, been convicted of a misdemeanor involving a firearm or other deadly
9 weapon, gaming or gaming-related activities prohibited by Chapter 9 (commencing with
10 Section 319) or Chapter 10 (commencing with section 330) of Title 9 of Part 1 of the
11 Penal Code, violations of the Gambling Control Act, or dishonesty or moral turpitude, not
12 including convictions which have been expunged or dismissed as provided by law.
- 13 (c) The applicant has been subject to a final administrative or judicial adjudication revoking
14 a registration under this chapter or a state gambling license, key employee license, work
15 permit or finding of suitability or has had an application denied under this chapter or the
16 Gambling Control Act.
- 17 (d) The applicant would be ineligible for a state gambling license under any of the criteria set
18 forth in Business and Professions Code section 19859, subdivisions (b), (e), (f), or (g),
19 the terms of which are incorporated by reference and hereby expressly made applicable to
20 applications for registration under this chapter.
- 21 (e) The applicant would be ineligible for a state gambling license under Business and
22 Professions Code section 19858, the terms of which are incorporated by reference and
23 hereby expressly made applicable to applications for registration under this chapter.

24 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions Code

25 **Reference:** Section 19853(a)(3), Business and Professions Code
26

27 **Section 12225. Cancellation of Registration**

- 28 (a) Any registration issued in accordance with this chapter shall be subject to cancellation
29 pursuant to this section. A registration shall be cancelled if the Commission determines
30 upon a noticed hearing that the registrant is ineligible for registration, has failed in the

1 application for registration to reveal any fact material to the holder's qualification for
2 registration, or has supplied information in the registration application that is untrue or
3 misleading as to a material fact pertaining to the criteria for issuance of registration.

4 (b) If the Commission finds that any of the circumstances set forth in subsection (a) apply,
5 then the Executive Director shall immediately do all of the following:

6 (1) Provide written notice to the registrant and the Division of the cancellation of the
7 registration and the grounds thereof, and provide written notice of the cancellation
8 to the primary owner, if the registrant is not the primary owner and to all
9 gambling establishments.

10 (2) Notify the registrant, if an individual, that he or she is required to surrender the
11 registrant's badge to the Commission not more than ten days following the date
12 that the notice of the cancellation was mailed or such greater time as is authorized
13 by the Executive Director.

14 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions Code.

15 **Reference:** Section 19853(a)(3), Business and Professions Code

16
17 **Article 3. Licensing**
18

19 **Section 12233. Request to Convert Registration to License**

20 (a) A request to convert a registration to a license shall be submitted only in response to a
21 written summons from the Division to a primary owner pursuant to Section 12220.25.
22 Each primary owner's request shall be accompanied by the requests of all affiliated
23 owners, supervisors, players, and other employees.

24 (b) The request to convert a registration to a license shall designate whether the license is
25 requested as a primary owner, other owner, supervisor, player, or other employee. The
26 request shall be signed by the individual requester or, if the requester is a business entity,
27 by the chief executive officer or other designated officer of the business entity.

28 (c) The request to convert a registration to a license shall include all of the following:

29 (1) A completed Request for Conversion of a Gambling Business Registration to a
30 License (CGCC-537, New 06/04), which is hereby incorporated by reference.

- 1 (2) Two (2) two-by-two inch color passport-style photographs of a requester that is an
2 individual taken no more than 30 days before submission of the request to the
3 Commission.
- 4 (3) The supplemental information package.
- 5 (4) A sum of money that, in the judgment of the Director of the Division, will be
6 adequate to pay the anticipated investigation and processing costs, in accordance
7 with Business and Professions Code section 19867.
- 8 (d) Nothing in this chapter shall require the Commission or Division to divulge to the
9 requester any confidential information received from any law enforcement agency or any
10 information received from any person with assurances that the information would be
11 maintained as confidential. Nothing in this chapter shall require the Commission or
12 Division to divulge any information that might reveal the identity of any source of
13 information or jeopardize the safety of any person.

14 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions Code

15 **Reference:** Section 19853(a)(3), Business and Professions Code

16

17 **Section 12234. Withdrawal of Request to Convert Registration to License**

- 18 (a) A request for withdrawal of a request to convert a registration to a license may be made
19 at any time prior to final action upon the request by the Director by the filing of a written
20 request to withdraw with the Commission. For the purposes of this section, final action
21 by the Division means a final determination by the Director regarding his or her
22 recommendation on the request to the Commission.
- 23 (b) The Commission shall not grant the request unless the requester has established that
24 withdrawal of the request would be consistent with the public interest and the policies of
25 the Gambling Control Act and this chapter. If a request for withdrawal is denied, the
26 Division may go forward with its investigation and make a recommendation to the
27 commission upon the request, and the Commission may act upon the request to convert
28 as if no request for withdrawal had been made.
- 29 (c) If a request for withdrawal is granted with prejudice, the requester thereafter shall be
30 ineligible to renew its request until the expiration of one year from the date of the

1 withdrawal. Unless the Commission otherwise directs, no payment relating to any
2 request is refundable by reason of withdrawal of request.

3 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions Code

4 **Reference:** Sections 19853(a)(3) and 19869, Business and Professions Code

5
6 **Section 12235. Processing Times--Request to Convert Registration to License**

7 (a) Except as provided in subsection (b), a request to convert a registration to license
8 submitted pursuant to this chapter shall be processed within the following timeframes:

9 (1) The maximum time within which the Commission shall notify the applicant in
10 writing that a request or a resubmitted request is complete and accepted for initial
11 processing by the Commission, or that a request or a resubmitted requested is
12 deficient and identifying what specific additional information is required, is 20
13 days after receipt of the request. For the purposes of this section, "request" means
14 the form Request for Conversion of a Gambling Business Registration to a
15 License (CGCC-537, New 06/04) which was incorporated by reference in Section
16 12233. A request is not complete unless accompanied by (1) a copy of the
17 summons from the Division setting a deadline for filing the request with the
18 Commission and (2) the supplemental information package required by section
19 12233(c)(3) for review by the Division pursuant to paragraph (3) of this
20 subsection for persons affiliated with the primary owner to whom the summons
21 was addressed. The supplemental information shall not be reviewed for
22 completeness by the Commission.

23 (2) A request and the supplemental information package shall be forwarded by the
24 Commission to the Division for processing within 10 days of the date that the
25 Commission determines that the request is complete.

26 (3) The Division shall review the supplemental information package submitted for
27 completeness and notify the applicant of any deficiencies in the supplemental
28 information package, or that the supplemental information package is complete,
29 within 45 days of the date that the request and supplemental information package
30 are received by the Division from the Commission. Notwithstanding this

subsection, subsequent to acceptance of the supplemental information package as complete, the Division may, pursuant to Business and Professions Code section 19866, require the requester to submit additional information.

(4) Pursuant to Business and Professions Code section 19868, the Division shall, to the extent practicable, submit its recommendation to the Commission within 180 days after the date the Division is in receipt of both the completed request pursuant to paragraph (2) of this subsection and the completed supplemental information package pursuant to paragraph (3) of this subsection. If the Division has not concluded its investigation within 180 days, then it shall inform the applicant and the Commission in writing of the status of the investigation and shall also provide the applicant and the Commission with an estimated date on which the investigation may reasonably be expected to be concluded.

(5) The Commission shall grant or deny the request within 120 days after receipt of the final written recommendation of the Division concerning the request, except that the Commission may notify the applicant in writing that additional time, not to exceed 30 days, is needed.

Authority: Sections 19840, 19841, and 19853(a)(3), Business and Professions Code

Reference: Sections 19853(a)(3), Business and Professions Code

Section 12236 Ineligibility for Licensing

A requester shall be ineligible for licensing for any of the following causes:

- (a) Except for an individual seeking licensing as “other employee,” an individual applicant is under the age of 21.
- (b) The requester has been convicted of any felony, including a conviction in a court of the United States or any other state of an offense that is classified as a felony by the laws of this state.
- (c) The requester has, within the ten year period immediately preceding the submission of the request to convert, been convicted of a misdemeanor involving a firearm or other deadly weapon, gaming or gaming-related activities prohibited by Chapter 9 (commencing with Section 319) or Chapter 10 (commencing with section 330) of Title 9

of Part 1 of the Penal Code, violations of the Gambling Control Act, or dishonesty or moral turpitude.

- (d) If the request to convert is for licensing as an owner, supervisor, or player, the requester has been subject to a final administrative or judicial adjudication revoking a registration or license under this chapter or a state gambling license, key employee license, work permit or finding of suitability or has had an application denied under this chapter or the Gambling Control Act.
- (e) The requester would be ineligible for a state gambling license under any of the criteria set forth in Business and Professions Code section 19859, subdivisions (b), (e), or (f), the terms of which are incorporated by reference and hereby expressly made applicable to requests to convert under this chapter.
- (f) The requester would be ineligible for a state gambling license under Business and Professions Code section 19858, the terms of which are incorporated by reference and hereby expressly made applicable to applications for registration under this chapter.
- (g) The applicant is ineligible based on any other provision of law.

Authority: Sections 19840, 19841, and 19853(a)(3), Business and Professions Code

Reference: Sections 19853(a)(3), Business and Professions Code

Section 12237. Term of License

All initial licenses shall be issued for a period of two years. Due to nonrecurring workload problems associated with the processing of the first round of requests to convert registrations to licenses, all other initial licenses that are granted within three years of the effective date of these regulations shall be issued for a period of two years. Beginning July 1, 2007, all licenses other than player licenses shall be issued for a period of one year, except as otherwise provided by a subsequently adopted regulation of the Commission.

Authority: Sections 19840, 19841, and 19853(a)(3), Business and Professions Code

Reference: Section 19853(a)(3), Business and Professions Code